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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

National Intelligence Officers

NFAC-1633-81
23 March 1981

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

THROUGH : Deputy Director for National Foreign Assessment
National Intelligence Officer for Warning

FROM : Assistant National Intelligence Officer for Latin America

SUBJECT : Monthly Warning Assessment: Latin America

1. Action Requested: none, for your information only.
2. Nicaragua

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Probably only the promise of early restoration of sizable PL-480 aid and of other assistance would moderate the Sandinista response. Such assistance is desperately needed and its provision could convince Managua that its best interests are still served by continuing to avoid a rupture with Washington. Even then, however, the Sandinistas' basic distrust of US would remain, and they would probably use the additional time gained to prepare for eventual, definitive parting of the ways with Washington.

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3. El Salvador

The struggle between insurgents and security forces is still stalemated, though there are indications that diminished arms inflows from abroad are causing the guerrillas sporadic difficulties. In general, however, they remain able to keep up the pressure on government forces, and, since the arms pipeline is not completely closed, further arms inflows could yet enable the left to regain some of the momentum recently lost.

Guerrilla destruction of economic targets--crops, power facilities--is a serious concern, though it is hard to gauge the full extent accurately. The insurgents' efforts, both through outright sabotage and intimidation, could undermine the junta's efforts to arrest the country's economic decline.

Seeking to undercut the left, demonstrate and inspire confidence, and improve its image, the junta is working to shift attention away from the enervating guerrilla problem and toward more conventional political concerns. Elections have been called for next year and a blue-ribbon electoral commission set up. Civilian politicians, who may or may not believe the elections will come off, are at least discussing the need to organize and prepare. There is a danger that unbridled political activity could weaken the government and produce military pressures to call off the elections.

4. Costa Rica

Last week's leftist attacks in San Jose against US personnel and the Honduran Embassy will add to the problems of beleaguered President Carazo. Beset by a faltering economy, charges of corruption, and complaisant toward Cubans and Central American leftists, he will face increased pressure to demonstrate Costa Rica's repudiation of extremism and make life tougher for the resident leftists from nearby countries.

If he accedes to such pressure, for example by throwing out Cuban agents, he may, in effect, goad the region's leftists into upgrading efforts to undermine Costa Rican democracy. Militarily weak, Costa Rica has only very limited means to resist a concerted effort by the left to introduce major violence. At the same time, however, the political discord arising from economic problems and from Carazo's controversial leadership could also make Costa Rica an increasingly tempting target for the region's left.

5. Suriname

The military-dominated government that took power early last year is showing some signs of favoring a vaguely socialist developmental model and closer ties with Cuba. The Cubans quite clearly stand ready to help if Suriname turns leftward. Apparently they already are engaged in minor efforts to exploit Surinamese uncertainty, but have not invested major resources in this highly unpredictable situation.

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The government, almost continually beset by internal dissension, has pursued a highly erratic, but so far, not extremist course. From time to time the regime has displayed authoritarian tendencies, but has been unable to quell the rivalries--both personal and ethnic in this multi-racial society--that have prevented it from undertaking consistent policies. There are likely to be further unpredictable shifts, as the government continues to try to sort itself out.



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